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ECONOMIC DEFENSE ADVISORY COMMITTEE

Diversion Control Network - Background Paper

Attached for your information is an informal background paper for use at the forthcoming sectional enforcement conferences. No formal clearance has been given to this paper.



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## BACKGROUND PAPER

### THE DIVERSION CONTROL NETWORK

#### I. Background

During the summer of 1953, the EDAC agencies reappraised the adequacy of intelligence support and action on diversion cases. They concluded that existing arrangements were too diffuse and uncertain to insure systematic intelligence follow-ups and timely, coordinated action. Steps were clearly necessary to establish additional machinery in Washington. The EDAC Executive Committee, after exploring the question at some length, established the Diversion Control Network on October 20, 1953 (ED/EC D-37/3). On January 1, 1954, the FNetwork commenced operations.

#### II. Terms of Reference

Under the terms of reference of the Diversion Control Network the general responsibilities of the cognizant agencies remain unchanged, but designated Diversion Control officers in MDAC/FOA, EDS/State and ORR/CIA constitute points of contact for the performance of the following functions:

##### A. MDAC

1. Provide a continuous and systematic check on the intelligence build-up and action disposition of all potential preventive action cases.
2. Serve as the central contact point between the Diversion Control Network and the EDAC structure (including all economic defense agencies other than State and CIA).
3. Serve as a reference point, a service facility, and a medium of communication and coordination between intelligence and action elements.

##### B. EDS/State

1. Prepare and coordinate follow-up requests for the collection, by Foreign Service posts, of information required to fill critical gaps in intelligence on diversions and possible illegal movements of primary strategic commodities to the Soviet bloc.
2. Assume, or coordinate within the State Department, responsibility for preventive action on diversion cases which are suitable for State Department action, whether or not the information has been received from Foreign Service posts.

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C. ORR/CIA

1. Collate, focus and transmit to appropriate action authorities all available intelligence, regardless of origin, on potential preventive action cases.

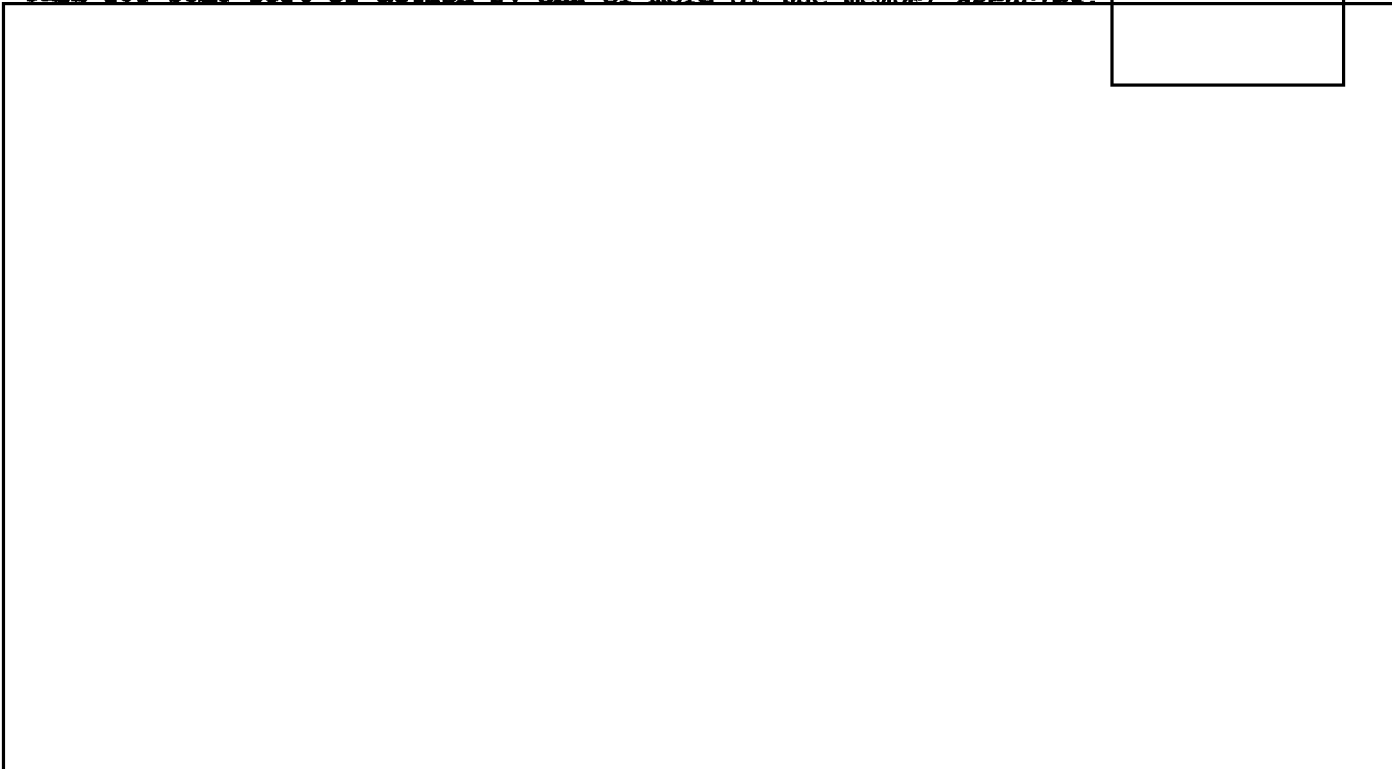
2. Prepare and coordinate follow-up requests for the collection, other than by Foreign Service posts, of information required to fill critical gaps in such intelligence.

Intelligence and action components of other cognizant EDAC agencies are continuously informed and consulted as appropriate, and are asked to participate on matters within their responsibilities or special competence. Commerce, Treasury, and Defense have designated Diversion Control Liaison Officers, who participate in the activities of the Network to the extent of their agency interests.

III. Operations of the Diversion Control Network

Cases are established by mutual agreement among the Network members, a "case" being any effort to circumvent East-West trade controls which appears to call for some sort of action by one or more of the member agencies.

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In addition to coordinating action on diversion cases, the Diversion Control Network has dealt with a number of special problems. Both procedural and substantive aspects of the following questions have been consideredd 25X1

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It is contemplated that the Diversion Control Network will issue quarterly reports containing statistical summaries of its operations.

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